



UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT AFFECTING RENEWABLE
ENERGY DEMAND IN MALAYSIA**

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ABSTRACT

This paper studies the relationship between financial development and renewable energy demand in Malaysia over the period of 1999 to 2018. Energy is the foundation that sustains and propels a country's socioeconomic progress. It is a fact that development cannot occur in the absence of energy, and that sustainable development cannot occur in the absence of sustainable energy. Malaysia, as a country aiming to become a high-income nation by 2025, is in a difficult position when it comes to formulating an energy security policy to assure long-term economic development. The Sustainable Development Goals 7 (SDG 7) will be critical in Malaysia's efforts to attain clean and efficient energy by 2030. Furthermore, this study will concentrate on Malaysia for 20 years. The findings of this study will indicate which independent variables will have an impact on renewable energy consumption.

Keywords: Malaysia, Renewable energy consumption, Financial development, Trade openness, Consumer price index, Total population

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

This study aims to discuss the relationship between financial development and renewable energy demand in Malaysia. This chapter will discuss the background of the study, problem statement, research questions, research objectives, significance of the study, scope of the study and an overview on this chapter.

Financial development may have an influence on environmental quality when the amount of money flows in financial institutions, capital markets, and foreign direct investment coincide. With greater financial development, saving, borrowing, and investing become easier. Domestic credit provided by banking sector and domestic credit to the private sector by banks are two indicators used to assess financial development. Domestic credit is lending or credit that a country or territory's central bank makes available to borrowers within the same territory. Government debt occurs when a government borrows money to develop initiatives and provide services to its citizens. The central bank of a country, which has the ability to lend cash to the government concerned, may also lend to private banks. Domestic credit to the private sector refers to financial resources made available to the private sector by banking institutions, such as loans, purchases of non-equity securities, and trade credits and other accounts receivable, all of which create a claim for repayment. While domestic credit given by the banking sector comprises all credit to all sectors on a gross basis, credit to the federal government is net.

Renewable energy is a natural source that is continually renewed to produce clean energy. Renewable energy is environmentally friendly and does not harm nature. It also results in less pollution, which contributes to greater sustainability and a more sustainable nation. It is one of the most important factors influencing a country's long-term growth. Because of rising population density and the acceleration of industrialisation, global energy